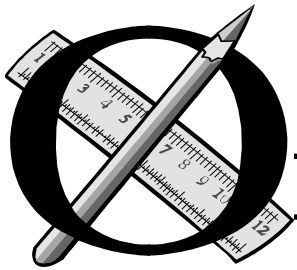

PN OUTFITTING RE-ENGINEE

Integrated Process Team

Presented by:

John Goodhart, NSLC N50

&

Joe Bruno, NAVICP-M 055X

Interim FLSIC
13/14 October 199

PN OUTFITTING RE-ENGINEER

RECOMMENDATION REVIEW

Recommendation	Preliminary Fleet Input	
Pursue		
Short Term		
•Up Front Validations Initiated	Yes	
Mid Term		
•Tailor ASI -Reduce “Churn”	Yes	Yes
Long Term		
•Create Outfitting Reqn’s Ashore Prototype	Not Favorable	

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- Short Term - Up Front Validations
  - ✔ Preserve the back end review component - Safety Net
  - ✔ Expand the existing NAVICP-M pre-distribution QA processes to ensure allowance products are correct
    - NAVICP-M and NSLC have initiated a joint effort
      - Enhance the pre-distribution review of allowance products… Migrate “Hi-Value Review” techniques to front end
        - Lower $ threshold
        - Perform SHF match
        - Utilize exception log

GOAL - Minimize Cancellation of Fleet Requisitions

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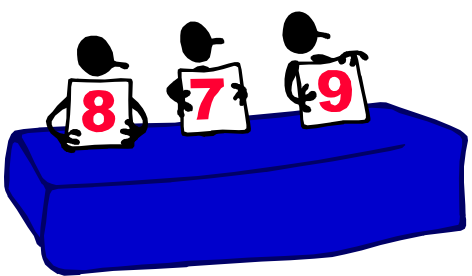
- Mid Term - Tailor ASI -Reduce “Churn”

Tailor ASI - Reduce “Churn” (990520-

DEFINITION:

ALLOWANCE MAINTENANCE - *Revised allowances for existing equipment installations ... CHURN*

Expense of a “revised bag of spare parts” with lit



OPN OUTFITTING RE-ENGINEER

ACCOMPLISHMENTS TO DATE:

- ***F***ocused on Ships being Re-COSAL'ed
  - ✔ Over 90% of spares costs tied to churn
- **Two components**
  1. **COSAL Scheduling Metrics**: Quantitative method to select ships truly in Need … degraded Allowance Effectiveness
  2. **Targeted Allowancing Technique**: Focus revised allowances on problem systems ("not carried" parts usage)

here Next? … Attack Remaining Random Churn Generatio
ASI Churn

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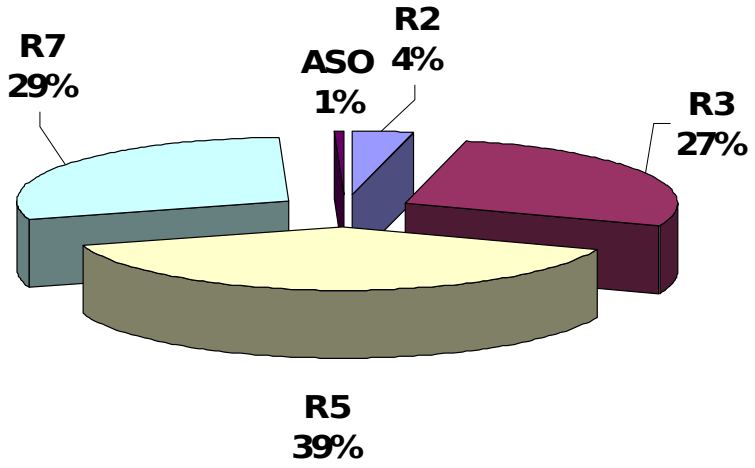
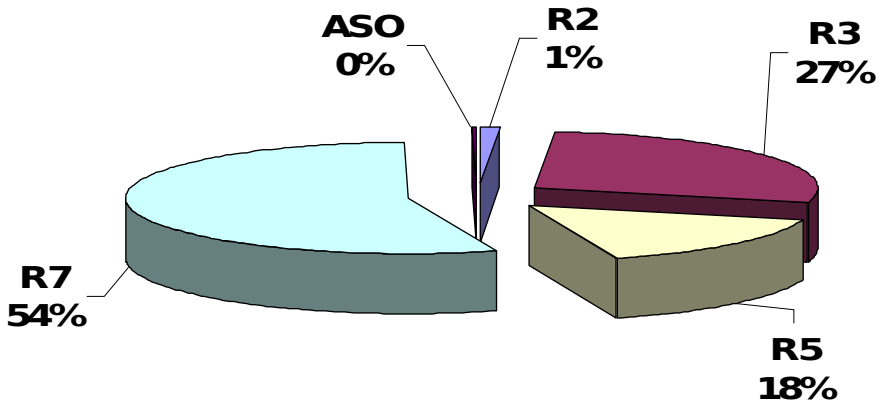
ASI MAINTENANCE CHURN CAUSATIVE FACTORS



FY98
DRIVERS



FY99 (YTD)
DRIVERS

(Based on dollar value)

Maintenance R-Trigger Definitions

R2 - RIC Supercession
R3 - New/Revised APL
R5 - Logistics Support Request
R7 - Pen & Ink Changes

Note: 26% of R3 Triggers were revisions vs new

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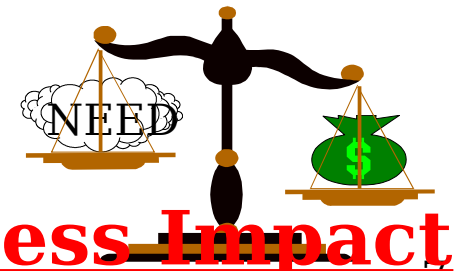
Reasons to Change

- **MEASURED OBSERVED DEMAND ON ADDS (NIIN SPECIFIC) WITH 15-SHIP SAMPLE…MULTI-TYPE AND CLASS DETERMINED ALLOWANCE EFFECTIVENESS AVERAGE DELTAs RESULTING FROM ADDS:**

	ALLOWANCE EFFECTIVENESS	FY98$$(M)*
ORIGINAL EFFECTIVENESS	72.4%	
MINUS R3 ADDS	72.4%	$ 3.5
MINUS R5 ADDS	72.3%	$ 5.1
MINUS R7 ADDS	72.2%	$ 3.8
MINUS ALL ADDS	72.2%	$12.8

* 40% dampening factor applied

- **…MINIMAL PAYBACK**



Very Low Risk -- Little Effectiveness Impact

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APPROACH - HOW DO WE EXECUTE?

- Stop allowance generation for Revised APLs, Pen & Inks, and Logistics Support Requests …

Generate maintenance and technical data

- Migrate to a “Focused Allowance Maintenance Strategy” … **FAMS**

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HOW TO EXECUTE FAMS

Part 1

Invest the $12.8M savings to fix Problem Equipment on Specific Ships “In Need”

- ✔ **Tools** … COSAL Scheduling Metrics / Continuous Integrated Logistics Support - Targeted Allowancing Technique (CSM / CILS-TAT)
- ✔ Disciplined process to select Ships and Equipment that will benefit from allowance refreshment.

Most recent CSM cycle identified 116 ships with below average Allowance Effectiveness

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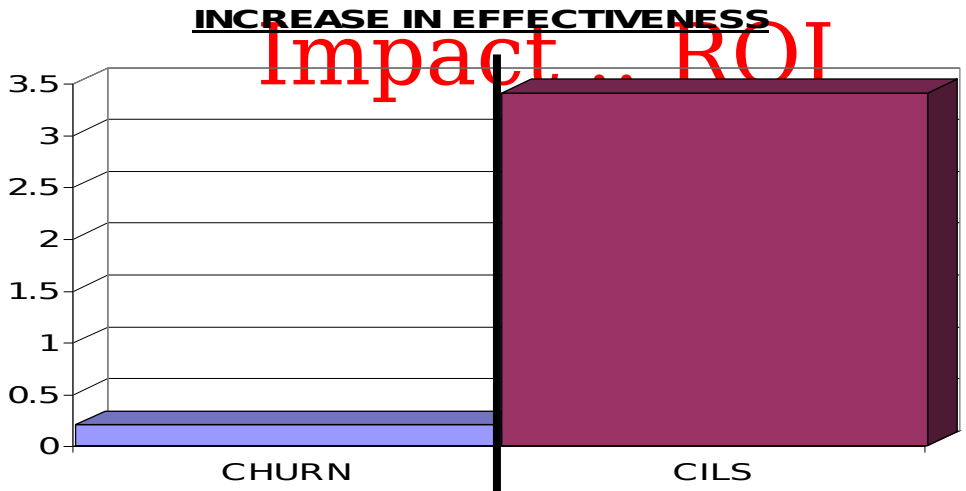
Churn vs CILS Effectiveness

Impact .. ROI



Churn:
Gain: 0.2 percentage points on all Ships

CILS:
Gain: 3.4 percentage points focused on neediest Shi

How: Cost of Churn $12.8M

Re-direct $12.8 M to CILS

FAMS

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How to Execute FAMS (cont.)

Part 2 ACIP … Specific Parts for Specific Ships

- ✔ Refresh allowances for not carried items that have experienced use during maintenance

Part 3 Target Problem Equipment … Problem Equipment Across all Ships

- ✔ System Allowance Refreshment based on TYCOM, TMA/TMI, CSSR input … other mechanism to select

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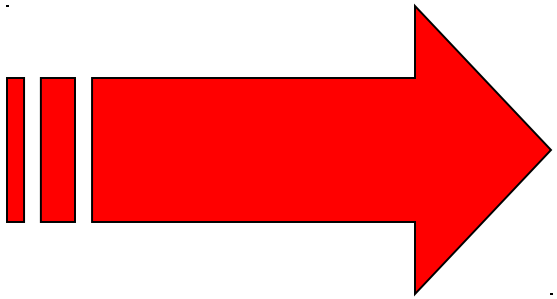
INVESTMENT STRATEGY FOR TOMORROW'S READINESS

Today

- Random Churn
- Small ROI



Tomorrow

- CSM / CILS-TAT
  - Problem Equipme
  - Problem Ships
- ACIP
  - Specific Equipmen
  - Specific Ships
- Trouble Equipment
  - Specific Equipmen
  - Fleetwide

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"CHURN" SUMMARY

- **Current ROI dictates we focus resources on critical/needy systems and platforms**

ENABLERS ➡ CSM/CILS-TAT, ACIP

- **We have evolved beyond using a blunt Instrument approach for COSALs…apply similar approach for ASIs**
- **Allow resources to be focused on ships & systems with the most need**

RECOMMENDATION - IMMEDIATELY SUPPRESS ALL MAINTENANCE ALLOWANCE "R" TRIGGERS

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- Long Term - On-Line COSAL
  - ✔ Summary
    - Maintain ship SNAP Ashore
      - ASI update
    - Visibility of shipboard inventory… FIMARS/MFCS
    - Generate TOB requisitions
  - ✔ Status
    - Initiated dialogue with NAVSUP ASDO